



County of Los Angeles  
Department of Public Social Services

Bryce Yokomizo  
Director

July 14, 2003

TO: Each Supervisor

*7/15/03*

FROM: Bryce Yokomizo, Director

SUBJECT: **BOARD OF SUPERVISORS MOTION: L.A. COUNTY FOOD STAMP ERROR RATE PROGRESS REPORT**

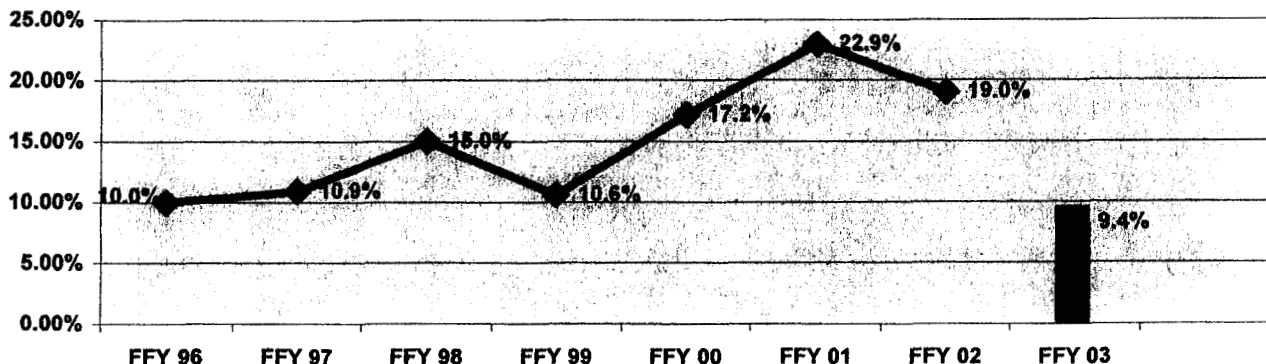
This is to provide your Board with the departmental progress report on the Los Angeles County Food Stamp error rate. Representatives from the Office of the Chief Administrative Officer (CAO) have reviewed and concur with the information in this report. The Auditor-Controller (A-C) has reviewed and concurs with the error rates reflected in the "Error Rate" section of this report.

#### ERROR RATE

We continue to make significant progress in reducing our Food Stamp error rate. Based on findings from the California Department of Social Services (CDSS) Quality Control (QC) reviews, the Department's Food Stamp error rate for the month of February 2003 is 4.3%. We have maintained a relatively low overall error rate for the period of October 2002 through February 2003, the first five months of Federal Fiscal Year (FFY) 2003. The Department's cumulative Food Stamp error rate for this period is 9.4%. This reflects the effectiveness of our corrective action initiatives as we continue our campaign to maintain an error rate below 10.0%.

The chart below reflects the Department's annual cumulative Food Stamp error rate over the last seven federal fiscal years (October through September), and the preliminary cumulative error rate for FFY 2003 for October 2002 through February 2003.

TRENDS IN LOS ANGELES COUNTY ERROR RATE FFY 1996-2002



Source: CDSS Disposition Reports.

12860 Crossroads Parkway South, City of Industry, California 91746 • TEL (562) 908-8400 • FAX (562) 908-0459

## **FOOD STAMP SANCTION UPDATE FOR FFY 2001**

In my previous Food Stamp error rate updates to your Board, I advised you that California's Food Stamp error rate for FFY 2001 was at 17.4%. Consequently, the State has been assessed with an unprecedented sanction amount of \$114.7 million for FFY 2001. The Los Angeles pass-on is \$86 million.

Because this sanction is against the State of California, we are working closely with CDSS on the Appeal. On February 8, 2003, CDSS submitted a Sanction Appeal to the USDA Administrative Law Judge (ALJ), and on May 8, 2003, USDA Food and Nutrition Service wrote a rebuttal to this Appeal. A response to the rebuttal is due from CDSS by early July 2003. Once the response is submitted, the matter will go into depositions and then an Administrative hearing before any decision is made by the ALJ. We anticipate that there will not be an ALJ ruling before early 2004. If this ruling is unfavorable to California, CDSS will be free to take the resolution into federal court. I will keep your Board apprized of any changes to this process.

## **FOOD STAMP ERROR RATE/APPEAL FOR FFY 2002**

On June 27, 2003, in a letter written to Governor Gray Davis, USDA released California's Food Stamp error rates and liabilities for FFY 2002. The adjusted Food Stamp error rate for California is 14.8%. In contrast, the national average is 8.3%. The FFY 2002 adjusted liability for California has been assessed at \$63 million. The Los Angeles pass-on of that sanction is \$49 million. CDSS has decided to appeal the FFY 2002 sanction amount. All activities with regard to this appeal are still pending.

Our efforts to reduce sanctions from prior years are greatly enhanced by our demonstrated performance to reduce the current Food Stamp error rate. As evidenced on page one of this report, our error rate has dropped dramatically. We have altered the pathway and are now on the right track.

I will continue to provide your Board with regular progress reports on our Department's Food Stamp error rate.

BY:ps

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller